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September 1, 2019

Work & Wages

State of Working Ohio 2019

Realities and Remedies

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Executive Summary





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Executive Summary

Americans have been given a gift for the last decade – an economic expansion unprecedented in length. We’re reaping an enormous benefit in the form of our very low unemployment rate. But the economy is not as healthy as it should be in this far into a recovery and some indicators are downright bad. A smaller share of Ohioans are working or looking for work than in all but one of the last 40 years, complicating the seemingly low unemployment rate. Wages are lower than they were in 1979 and have not grown much even as the recovery passes the decade mark. And state and national elected officials did not take advantage of the boom years to invest in essentials that would position us well for the long term. Now we are in a tough spot as a new recession may loom.

The *State of Working Ohio, 2019: Realities and Remedies* offers the best and most recent data available to understand our realities and it proposes a sounder approach. This year’s realities, particularly compared to previous peaks, include:

Increased inequality: Middle-income workers used to benefit when our economy grew, but productivity grew six times faster than compensation nationally between 1973 and 2016.

Weak wages: Median hourly wages have been creeping up since 2011 in Ohio and nationally, but Ohio workers of all races remain behind their national peers (\$1,100 over a year) and behind what they earned at the median in 1979. Of Ohio’s

10 most common jobs, nine pay less than \$36,000 a year, too little for a family of three to afford food without aid. Women still earn nearly \$7,000 less each year than men at the median if both work full-time, year-round. Racial wage gaps have worsened with the loss of unionized manufacturing jobs in Ohio and black Ohioans earn over \$10,000 less each year than white Ohioans if both work full-time, year-round. Black workers earn far less than they did in 1979 – \$4,742 a year adjusted for inflation – and the gap has grown much worse.

Employment paradox: Ohio’s unemployment rate – 4.5% for 2018 and 4% in June and July 2019 (July is preliminary), is almost as good as it gets (2001 saw a 4% annual rate). This is important and excellent news for workers of all races and genders, though black unemployment remains higher than that of white workers. But our extremely low rates of labor force participation complicate that news. We have never had such a small share of men either working or looking for work and the share of women working is below previous peaks. For all Ohio workers, labor force participation was lower in only one of the last 39 years.

Slowing job growth: Ohio lost 9,000 jobs between January and July 2019 (preliminary numbers). Going back further, Ohio’s annual job gain was a weak 25,200 from July 2018 to July 2019. The state has fewer jobs than it had before the early 2000s recession. Manufacturing, [now considered to be in a recession nationally](#), has had a particularly rough year in Ohio as the General Motors’ Lordstown



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assembly plant, which employed 4,500 people when Trump was elected, closed down. Ohio has also lost 5,700 public sector jobs since January 2017.

Unions help: Although unsupportive public policy keeps driving their numbers down, it still pays to be a union member in Ohio. The median union member earns over \$10,000 more each year than the median non-union worker. These benefits help workers of all races and genders. While most Ohio union members are white, black workers are more likely to be in a union than white workers are in Ohio.

REMEDIES

Three major areas provide the key to a better economy for Ohio's working people. Ohio policymakers should:

- 1** Strengthen our labor policies by raising our minimum wage, making it easier to join a union, and better enforcing our labor laws.
- 2** Improve tax policy, reversing cuts that have gone overwhelmingly to the wealthiest and to corporations, and that have robbed the state of \$6 billion annually.
- 3** Use those increased revenues to fund the things our communities need, creating good jobs in the process. That should concentrate on investing in our people and fixing our infrastructure, particularly in ways that mitigate or reduce climate change.

On the human side this includes better funding child care, education, college, and drug treatment. On the infrastructure side, we can encourage wind and solar power and fund transit, conservation and local government.

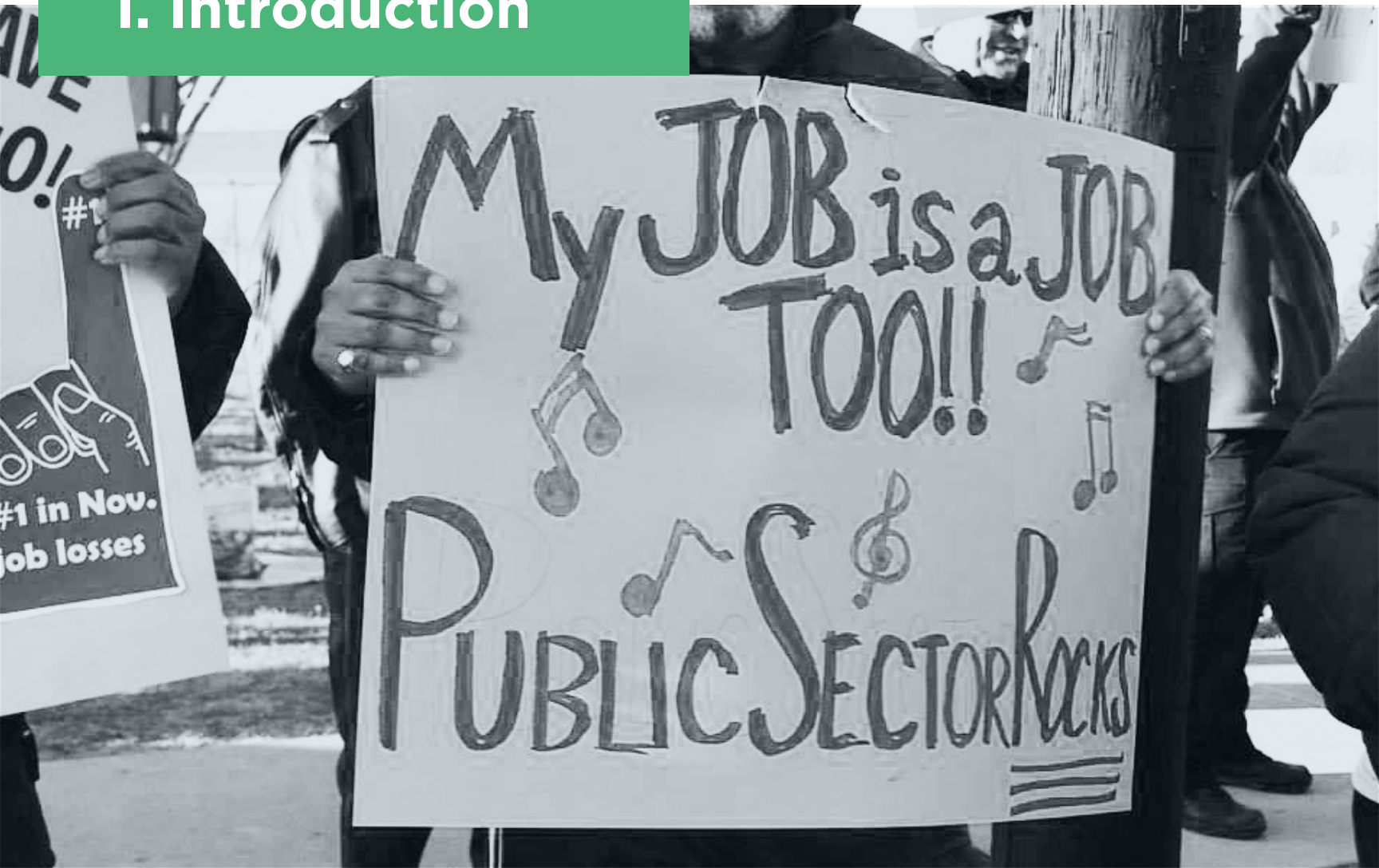
In many ways Ohio and the nation are doing the opposite of what we suggest. State and federal policymakers have let the minimum wage erode – Congress has never gone longer without boosting it – and have undermined unions and labor law. Ohio legislators just made us the first state to ever go backward by eliminating clean energy standards, instead choosing to bail out inefficient coal and nuclear production. At the federal level, the Trump administration backed out of an international commitment to reduce carbon emissions, is trying – over car company objections – to weaken auto emissions standards, and is backpedaling in other ways on climate. Investments in people are similarly in reverse. And at both the state and federal level lawmakers have made tax policy less fair, delivering enormous windfalls to the wealthiest and corporations, while making low- and middle-income Ohio families pay a larger share of state taxes.

Past errors need not dictate our future. Ohioans can demand a smarter approach. We can choose an economy where everyone benefits from growth and workers of all races and genders can support a family. We can choose to invest in a cleaner lake and less polluting approaches to transportation and energy. Doing so will be a real remedy, one that makes for a better reality.

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I. Introduction





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I. Introduction: Realities and remedies

In many ways, Americans have been given a gift for the last decade – an economic expansion unprecedented in its length. And many of the indicators of the expansion are quite strong: Unemployment levels are very low, particularly for those with college degrees. The nation continues to add jobs each month, though Ohio cannot consistently say the same. And the economy is growing each quarter.

But by other measures, we are far behind previous economic peaks. At this point in the business cycle, labor market participation (the share of those either working or seeking work) should be higher than ever – it is instead lower than in all but one of the last 40 years. After so many years of growth, median wages should be at an all-time high – they are instead lower than they were in 1979, when workers were much less educated and our economy was much less productive. And at this point in the cycle, our elected officials should have used the boom years to be ready for the inevitable bust, by investing in essentials that benefit us all long term. Instead, nationally and in Ohio, policymakers have neglected critical needs, leaving us less equipped to face any looming downturn.

Policymakers have squandered these good times. State and federal leaders have slashed

taxes for the wealthiest and for corporations, leaving us unable to pay for things our communities need, like addiction treatment, lead abatement and child care for working families. Tax cuts under Trump will cost the nation \$1.9 trillion over a decade, but they did almost nothing for most working families and little for the [economy, according to the Congressional Research Service](#). In addition to blocking needed spending, the federal tax cuts created a near [\\$1 trillion deficit](#), which could complicate how we deal with the next downturn, when America really needs stimulus. Ohio, too, has slashed taxes for corporations and the wealthiest, in ways that now cost more than [\\$6 billion](#) a year, leaving us unable to provide the many things Ohio underfunds, from child care to transit to local government.

America and Ohio have profound needs. Climate change gave many Ohio farmers a brutal year while contributing to lake pollution, floods, and other broad public problems. Drug addiction is shortening lives in communities around the state. Poverty, which contributes to lifelong health and education challenges, is high, especially for this point in an expansion. Addressing these priorities would leave us better able to face the next recession and help more people share in the gains when times are good.



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I. INTRODUCTION: REALITIES AND REMEDIES

In addition to underinvesting at the state and federal levels, elected officials have rolled back policies that would increase worker wages and enable this long expansion to distribute its benefits broadly. Since creating the minimum wage 80 years ago, America has [never gone this long](#) without raising it. Voters boosted Ohio's minimum wage in 2006 and indexed it to inflation, both helpful, but it is now below many other states and its historic peak. And at both the federal and state levels, weak policies and weaker implementation are eroding working people's right to speak up together through a union. Federal regulators don't enforce laws against punishing organizers, and when they do, the fees and fines are [negligible](#), considered a cost of doing business. Ohio Republicans tried to get rid of collective bargaining for all public sector workers here, before voters restored it by referendum. But former Governor John Kasich succeeded in taking away collective bargaining rights from [child care and in-home health care](#) providers.

We don't have the luxury of continuing to hope that a growing economy or a long expansion will solve our problems without more assertive policy prescriptions.

For 20 years, Policy Matters has tracked the economy confronting Ohio working people of all races. In 2019, a whopping 10 years into the longest recovery on record, the story eludes simple descriptions. At the start of the Obama presidency, we were confronted with potential economic catastrophe. Policies passed then

set the country on a course to recovery, and particularly benefited the automobile industry. The economy then began a long but very slow recovery that continues today. And under both the Obama and Trump administrations nationally, and one Democratic and two Republican administrations in Ohio, the state has seen modest job growth and very weak wage growth. In all, the state is better off than it was during the recession and earliest years of the recovery. But it is worse off than at previous high points.

Below, we provide economic data that shows where Ohio thrives and where we struggle. In each case, we provide the most up-to-date data available. When sample sizes allow, we separate data for white and black Ohioans. We aren't able to provide this information in statistically reliable sample sizes for Asian, Native American or Latinos in Ohio, but where possible we try to provide insights for those populations. Numbers are always inflation-adjusted to the final year of data available. Finally, we usually use the median – or middle – instead of the average because it better reflects how the typical person is doing, while averages can be distorted by very high earners at the top.

The charts describe our reality with several charts to illustrate each major point. At the end of each section, following a set of charts we provide a potential remedy – a policy change or set of changes that could make the reality in future reports a happier one.

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II. Inequality



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II. INEQUALITY

REALITY:

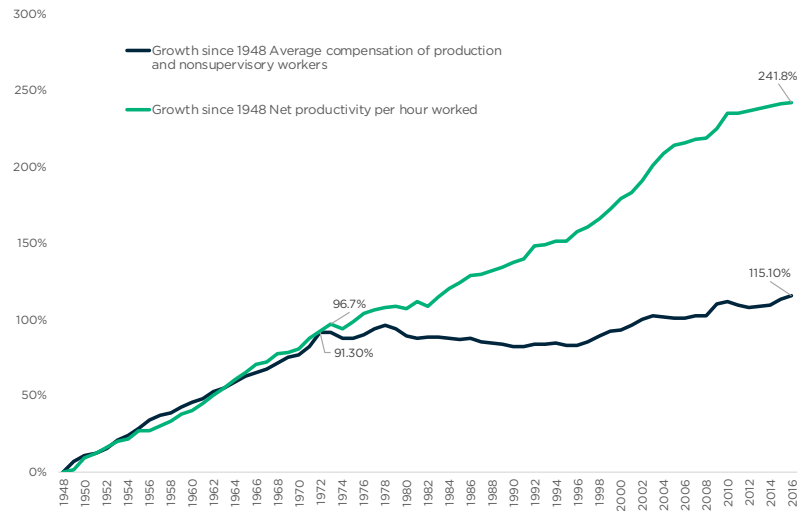
For a 30-year period in the middle of the 20th century, workers benefitted as our economy grew, with a near doubling of both productivity (96.7% growth) and compensation (91.3% growth) between 1948 and 1973 (Figure 1). Since that time the economy has more than doubled again (241.8% total growth from 1948 through 2016) while compensation has grown less than half as much (115.1% growth since 1948). In fact, productivity has grown more than six times faster than compensation. That period of strong growth for workers across the economic spectrum now looks more like an anomaly, as the 40-plus years since that time have been a period of wage stagnation nationally and wage decline in Ohio.

REALITY:

Sharply rising inequality has been a feature of the U.S. economy under Republican and Democratic administrations since the late 1970s, with the exception of brief periods of stock market slumps. Ohio's wealthiest 1% of households grabbed 15.8% of all earned income in the state in 2015, the most recent year for which we have data. This is more than twice the share that this top percentile garnered in 1974 and is within five percentage points of what they took in just before the Great Depression. The data is before taxes and transfer programs (like Social Security) – including the inequality-increasing state and local tax changes would make the story worse.

Figure 1

Unshared prosperity: Productivity no longer leads to compensation growth US productivity vs. compensation growth, 1948-2016



Source: Economic Policy Institute (EPI) State of Working America Data Library at <https://www.epi.org/data/#?subject=prodpay>. Uses data from Bureau of Labor Statistics (BLS) and Bureau of Economic Analysis (BEA), State/National Income & Product Accounts (NIPA) public data series. Cumulative change in net productivity (growth of output of goods & services less depreciation per hour worked) of total economy. Real average hourly compensation of private sector product/non-supervisory workers, 1948-2017. Latest data available

Figure 2

Share of all income held by Ohio's top 1 percent



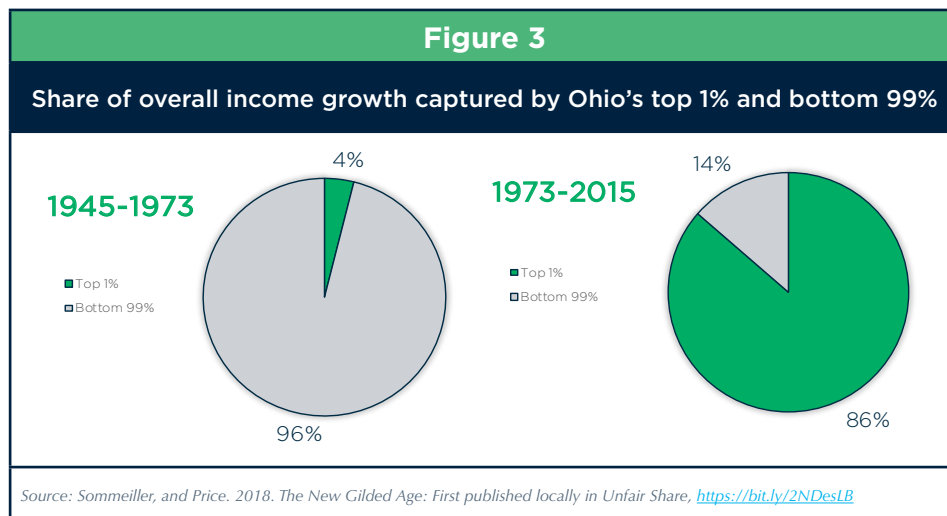
Source: Sommeiller, Estelle, and Mark Price. 2018. *The New Gilded Age: Income Inequality in the U.S. by State, Metropolitan Area, and County*. Economic Policy Institute, July 2018. First published locally in *Unfair Share: Ohio's wealthiest pull further away* by Ben Stein, July 2018, Policy Matters Ohio, <https://bit.ly/2NDesLB>

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REALITY:

This degree of income inequality differs dramatically from the kind of broadly shared prosperity we saw in the middle of the 20th century. Race and gender inequities endured throughout this period, but both are made worse by rising absolute inequality. Between 1945 and 1973, the wealthiest 1% of Ohio households took in about 4% of the total growth in income in the state. But between 1973 and 2015, under presidents and governors of both parties, Ohio's wealthiest seized a staggering 86% of all income growth.



REMEDY

We choose the kind of economy we want to have. In the middle of the 20th century, the labor rights, welfare rights and anti-poverty movements pushed elected officials to enact a set of policies that made sure a broader swath of Americans shared in the country's economic gains. Even still, policymakers excluded black people and women from many protections and the U.S. always had inequality. But during that period, individuals and families at every point in the income spectrum saw strong income growth and it translated into higher levels of education

and better health. [Life expectancy](#) more than doubled for black Americans and nearly doubled for white Americans over the course of the 20th century, to name one very basic measure of well-being. More broadly shared prosperity requires a stronger set of public policies including a higher federal minimum wage, taxes that raise more resources and raise more of them from those who earn most, and deeper investments in universal programs that reduce poverty and ensure childcare, healthcare, education and elder care for everyone.

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III. Wage weakness



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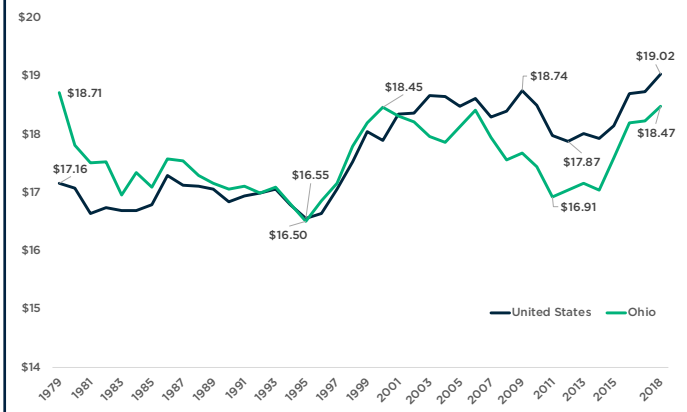
III. WAGE WEAKNESS

REALITY:

Median hourly wages – wages of the worker at the midpoint – have been inching upward in Ohio and the U.S. since about 2011, with inflation-adjusted Ohio wages up a little more than \$1.50 an hour over that period and national wages up about \$1.15 (Figure 4). Wages crept up in 2018 in Ohio and the U.S. The median wage nationally is now \$19.02 per hour, about 10% above the 1979 level of \$17.16 an hour, modest growth that should be higher given increases in education and productivity. But the Ohio story is far worse: median wages here lag more than 50 cents an hour behind the nation, equating to more than an \$1,100 difference annually. Ohio wages are stuck below what they were in 1979 at the median. This is particularly galling when we remember how much more productive workers have become. Ohio and the U.S. are far wealthier, more productive and more highly educated than at any point in history. We are at the peak of the longest recovery on record. Yet workers of all races are simply not being pulled into the growth.

Figure 4

Not there yet: Median wages, Ohio and US, 1979-2018



Source: EPI analysis of Current Population Survey data, inflation adjusted to 2018 dollars

REALITY:

The most common jobs in Ohio pay too little for a small family to get by. In fact, of the state's 10 most common jobs, only one, registered nurse, pays enough at the median for a family of three to escape 200% of the poverty line, a common measure of job quality. Nine of these most common Ohio jobs pay less than \$36,000 a year (Figure 5). These jobs – food service worker, retail salesperson, cashier, laborer, clerk, customer service rep, waitstaff, janitor, and assembler – have existed for a long time, but as higher-paid positions go away, they employ a bigger share of the workforce. Wages in these jobs themselves are also often lower than they used to be. Together, these jobs make up more than 1.2 million of the 5.5 million jobs in Ohio.

Figure 5

Median wage can't support a family in nine of ten most common Ohio jobs

Occupation title	Total Employment	Median hourly wage	Median annual wage	Share of 3-person poverty line	Share of 200% poverty (3-person)
Combined Food Prep & Serving Workers, Incl Fast Food	160,070	\$ 9.85	\$ 20,490	96%	48%
Retail Salespersons	154,490	\$ 13.59	\$ 28,260	132%	66%
Registered Nurses	125,380	\$ 32.13	\$ 66,820	313%	157%
Cashiers	121,600	\$ 10.63	\$ 22,110	104%	52%
Laborers & Freight, Stock, & Material Movers, Hand	119,220	\$ 14.47	\$ 30,100	141%	71%
Office Clerks, General	109,130	\$ 16.86	\$ 35,060	164%	82%
Customer Service Representatives	100,500	\$ 17.30	\$ 35,980	169%	84%
Waiters & Waitresses	94,720	\$ 10.89	\$ 22,650	106%	53%
Janitors & Cleaners, Except Maids & Housekeepers	81,910	\$ 13.43	\$ 27,930	131%	65%
Stock Clerks & Order Fillers	79,790	\$ 13.29	\$ 27,630	130%	65%
Assemblers & Fabricators, All Other, Including Team	74,420	\$ 16.96	\$ 35,290	165%	83%
	1,221,230				

Source: Bureau of Labor Statistics, Occupational Employment Statistics, 2017 data

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III. WAGE WEAKNESS

REALITY:

Income has grown much more for people in the top 10% and even more in the top 1%. But even among the bottom 90% – most of us – policies have led to inequitable distribution (Figure 6). Between 1979 and 2018, workers at the 90th percentile – that is people earning more than 9 out of 10 workers – saw their wages grow by about \$9.12 an hour, adjusted for inflation, while those at the median or midpoint saw their wages fall slightly. This translates to a gain of nearly \$19,000 a year for those 90th percentile workers, while workers at the median are actually earning less than they were in 1979. One tiny bright spot for those of us who've been tracking this variable annually – for years workers at the bottom and middle of the spectrum had actually been worse off than their counterparts in 1979. Now at most deciles, workers have caught up to their 1979 peers. This is small consolation at the end of the longest recovery on record.

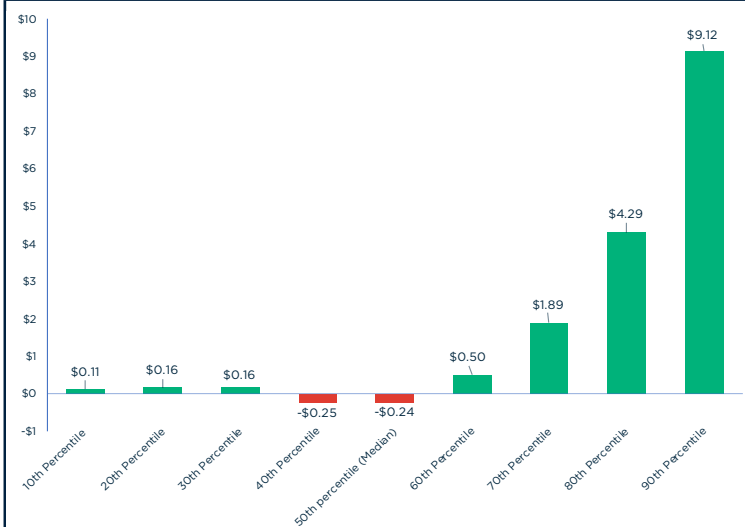
REALITY:

The woman worker at the mid-point – earning more than half of her peers and less than the other half – earned \$16.71 an hour in 2019, up slightly for the fourth consecutive year after considering inflation. This is the highest women's wages have ever been (Figure 7). Yet women saw just a 22% increase over nearly 40 years, a slow crawl over the long haul. The gender gap in median wages remains substantial with men earning about 20% more than women earn (\$19.98 vs. \$16.71) in 2018.

Men got a tiny wage bump last year over the previous year, to \$19.98 an hour at the median. Despite tremendous growth over the past 40 years in hourly productivity, this is more than \$2 an hour less than men earned back in 1979, an 11% drop. Despite the steep drops in men's wages, they still out-earn women by nearly \$7,000 a year with full-time, year-round hours.

Figure 6

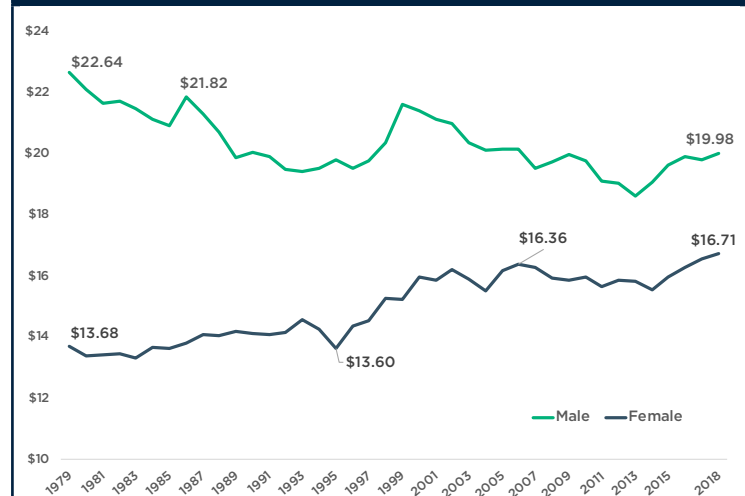
Unequal hourly wage growth, Ohio's bottom 90%, 1979-2018



Source: EPI analysis of Current Population Survey data, inflation adjusted to 2018 dollars

Figure 7

Gender gap persists, Ohio, 1979-2018



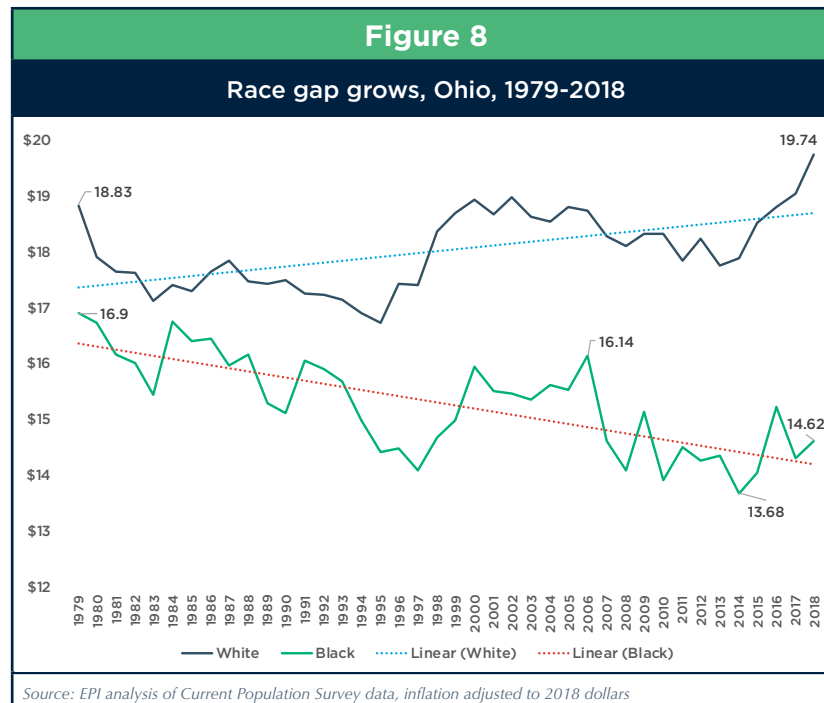
Source: EPI analysis of Current Population Survey data, inflation adjusted to 2018 dollars

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REALITY:

Plentiful unionized manufacturing jobs, a stronger minimum wage, and a strong public sector helped many black Ohioans achieve greater stability in the 1970s than black workers saw nationally. Attacks on those policies and practices have hurt black workers, leading to a larger racial wage gap and an overall steep decline in black worker wages in Ohio after considering inflation. In 2018, white Ohioans earned \$5.12 more each hour than black Ohioans at the median, translating to over \$10,000 more a year with full-time, year-round work (Figure 8). The median wages of black Ohioans were just \$14.62 in 2018, down from \$16.90 in 1979, adjusted for inflation, a \$4,742 plunge on an annual basis. White Ohioans earned \$19.74 at the median in 2018, 35% more than black workers. Both races saw an uptick in wages between 2017 and 2018 and the gap widened further over the course of that year. In contrast to the recovery of the late 1990s, when black worker wages rose while still not reaching their prior peak, they have been largely stagnant in this recovery.



Ohio has insufficient numbers of Asian-American, Latino and Native American workers to provide earnings data, but we know from [national results](#) that Asian-American workers on average earn more than white workers while Hispanic workers on average earn less per hour than black or white Americans do. (Latino and Hispanic have slightly different meanings and Hispanic is a census category so we use that when referring to government data.) [Native American](#) household incomes are similar to those of black households on average and poverty rates among Native Americans are nearly twice as high as among the population as a whole. Incomes and poverty rates vary widely within the Asian-American community. Americans with roots in India, Taiwan and the Philippines had much higher household earnings and lower poverty on average in 2016 than other racial or ethnic groups, while Asian-Americans with roots in Burma or Nepal had higher rates of poverty and lower incomes than other Asian-Americans.

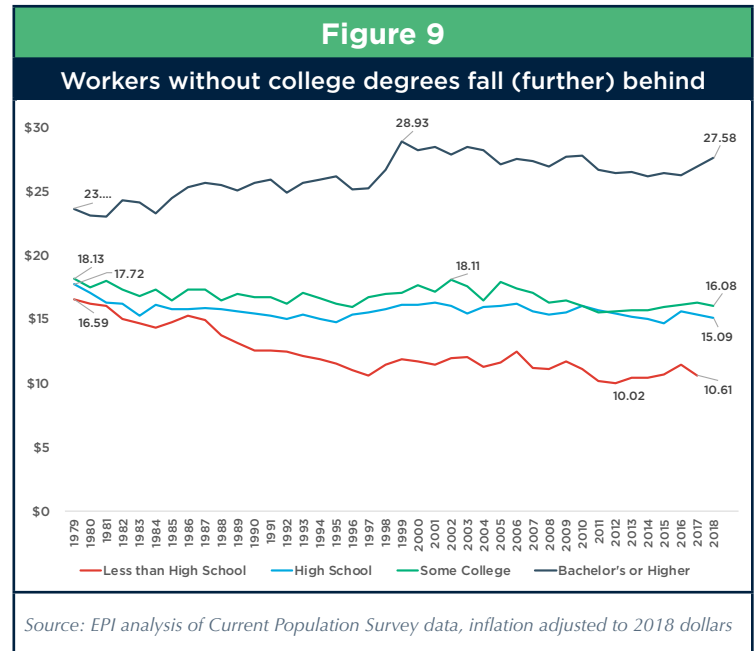
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REALITY:

With the exception of workers with a college degree, which is a distinct minority, Ohio workers still earn less than they did a generation ago, adjusted for inflation. Those with less than a high school diploma earned just \$10.61 at the median in 2018, down from \$16.59 in 1979. Those who've graduated high school but not gotten a bachelor's degree earned just \$15.09 in Ohio in 2018, down from \$17.72 in 1979 (Figure 9). Only workers with at least a four-year degree are doing better, at \$27.58 an hour, up from \$23.65 in 1979. Yet even these workers earn less, adjusted for inflation, than they did at the height of the late 1990s business cycle, when they made \$28.93 an hour. Both workers with no high school diploma and those with no college degree saw a slight drop in their wages between 2017 and 2018.

It's worth noting that education is a solid way to raise wages for workers – graduating from high school generally results in a wage boost of several dollars an hour compared to those without a high school diploma, regardless of race, and college graduates generally earn about twice as much as people of the same race without a high school degree. However, education does not make up for or explain racial wage gaps – white workers earn more than black and Latino workers with similar education levels, whether that's no diploma, a high school degree only, some college, or a college degree. Small sample sizes don't allow us to present this data in detail this year.



REMEDY

Raising the minimum wage in Ohio would help workers – white, black, brown, male and female. But a larger share of black workers and women would get a raise if the wage floor was boosted. Similarly, allowing workers to more easily organize into unions would help workers across the board. Unionized workplaces have lower gender wage gaps than where there is no union and unions raise wages for workers of all races and genders, while giving workers a bigger voice in the workplace. Better funding child care can be especially helpful to women who still do a disproportionate share of work in the home. It would also be particularly helpful to the women, often women of color, who are more likely to work in

the child care industry. Ohio trails far behind other states in its child care funding. Deep investments in infrastructure and green technology would help all workers – and our lakes, roads, and farms. Many men, displaced by loss of manufacturing jobs, stand to gain from infrastructure jobs, repairing roads and bridges, installing wind and solar power, insulating homes, or driving mass transit. We should also work to make sure these jobs are open to women and people of color. Bundling these policies – higher wages, more unions, and deep investments in people and places to leave us better positioned for the future – is a good way to distribute policy benefits across different groups.

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IV. A paradox: Low unemployment, low labor market participation



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IV. A PARADOX: LOW UNEMPLOYMENT, LOW LABOR MARKET PARTICIPATION

REALITY:

The national unemployment rate is as low as it's been in the entire time we've been tracking it, nearly 40 years – even a tenth of a percentage point lower than it was in 2000, the peak of that long, strong business cycle. And a low unemployment rate is truly something to celebrate – it is only when unemployment is low that often-excluded workers get pulled into employment. The best employment numbers we've ever seen for young black men were in 2000, precisely because unemployment had grown so low.

Ohio's unemployment rate, at 4.5% for calendar year 2018, was not quite as good as the nation's but was nonetheless better than the annual rate at any time since 2001 (Figure 10). Ohio's best annual unemployment rate was in 2000, when it was, like the nation's, at 4.0%. Ohio's monthly level also hit that happy low for June and July (unrevised).

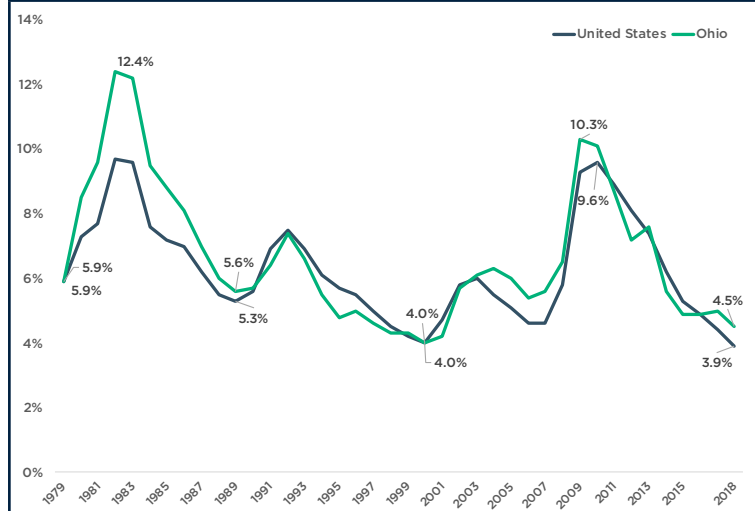
Unfortunately, the picture is more complicated this time around, because while unemployment is indeed at a near-record low, labor force participation has almost never been worse in the past 40 years, as we discuss below.

REALITY:

Both black and white workers had very low levels of unemployment in 2018, although barriers mean that there is still a disparity. The unemployment rate was a historically low 6.4% for black Ohioans, compared to 4.2% for white Ohioans, not quite a historic low (white people saw a lower rate for several years in the late 1990s). It's hard to overstate the importance of these strong numbers for the black community in particular. Black Ohioans struggle much more during recessions – the community faced an unemployment rate above 25% in 1982 and of 17% in 2009 and 2011. It is excellent news that black unemployment has been dropping fairly steadily since 2011.

Figure 10

Low unemployment, Ohio and nation, 1979-2018



Source: EPI analysis of Current Population Survey data, annual numbers

Figure 11

Unemployment low for black and white workers, 1979-2018



Source: EPI analysis of Current Population Survey data, annual numbers

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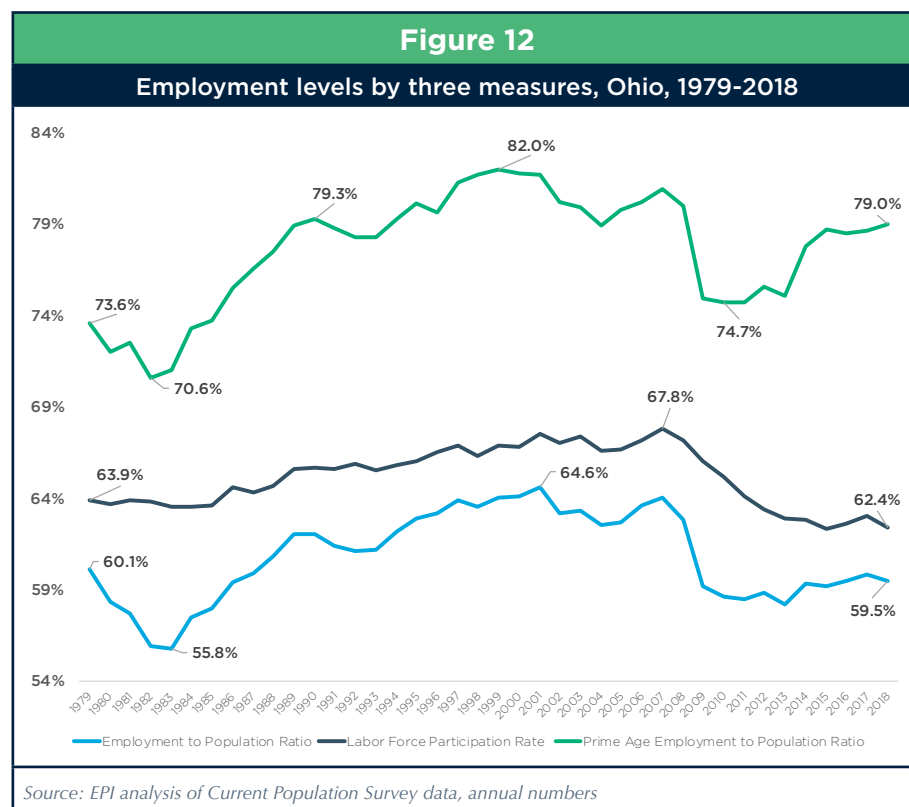
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REALITY:

While the low unemployment rates are good, they are complicated by low labor force participation rates. Labor force participation adds those working to those seeking work and helps understand when people have left the labor force entirely and are therefore not considered unemployed but are nonetheless not working. While people leave the labor force for all kinds of reasons, including age-appropriate retirement, a strong labor market should pull more people in. Yet in Ohio, many who left the labor market during the last recession never came back. Ohio labor force participation was lower in only one of the last 39 years (2015). Just 62.4% of Ohioans were in the labor force in 2018, down from 67.8% in 2007 (Figure 12). This is an important caveat to the strong unemployment numbers.

Another way of looking at how well the labor market is pulling people in is to look at employment-to-population (EPOP) ratios. This measure includes Ohioans of all ages – those we expect to be too young or too old to work – and includes only those who are employed, not those seeking work. In 2018, 59.5% of the Ohio population was employed, better than the troughs of the early 1990s, and better than from 2009 to 2015, but worse than the year before (2017) and worse than any year over the two decades from 1987 to 2008.

Ohio's low labor force participation and EPOP rates are partly the result of an older population. But even among prime-age workers, the employment-to-population ratio is well below its prior peaks, troubling in year 10 of a recovery, particularly given that women are so much more likely to be in the labor force than in the past. The 2018 prime-age EPOP was just 79%, well below the 82% level at its peak in 1999. This too indicates that the unemployment rate is not as strong as it seems.



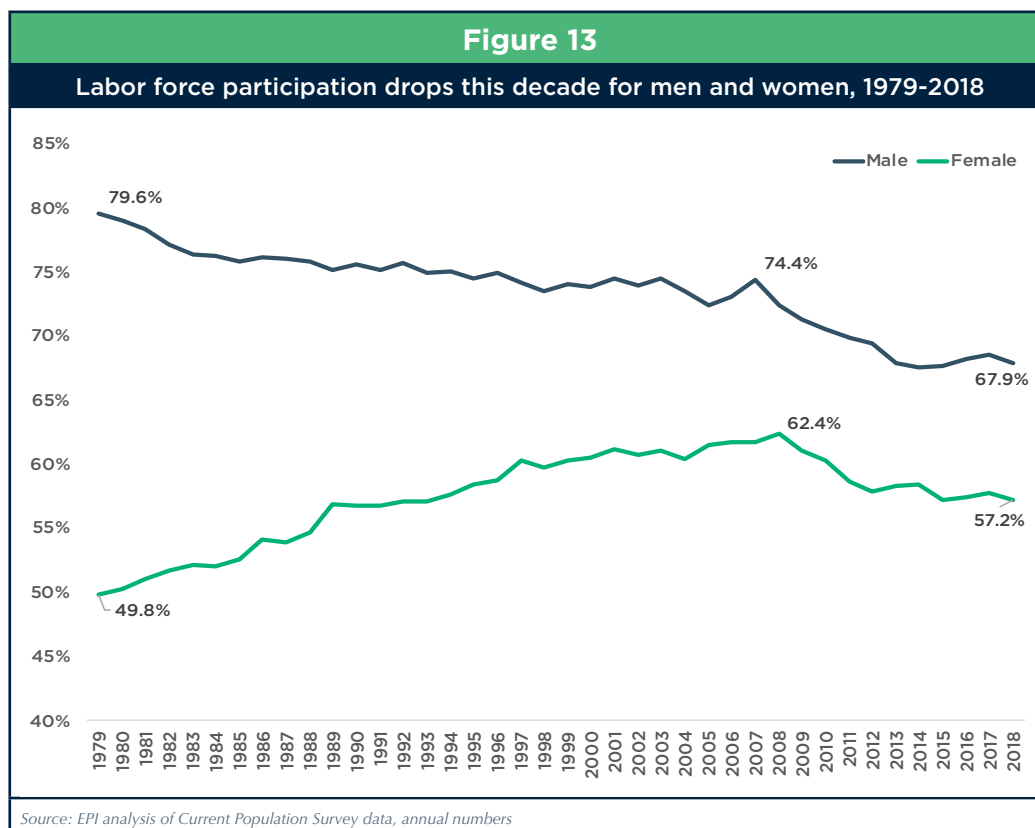
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REALITY:

Male labor force participation is at almost an all-time low in Ohio. Just 67.9% of men were working or looking for work in 2018, lower than the previous year and lower than all years since we've begun keeping track with the exception of 2014. Since 1979, male labor force participation plunged by 11.7 percentage points. Analysts attribute this to manufacturing job loss, lower job quality, addiction, and changes in job skills and job locations.

More flexible gender roles, fewer family-supporting jobs, a strong labor market and other factors led to a dramatic increase in women's labor force participation between 1979 (49.8%) and 2008 (62.4%) (Figure 13). Since then the trend in women's participation has been downward and it declined slightly last year in Ohio to 57.2%. It has dropped by more than 5 percentage points since its peak in 2008. In modern expansions, women's labor force participation has consistently risen - until this one, where the trend has been downward over the last 11 years. This indicates a weaker economy than we should expect at the peak of an expansion.



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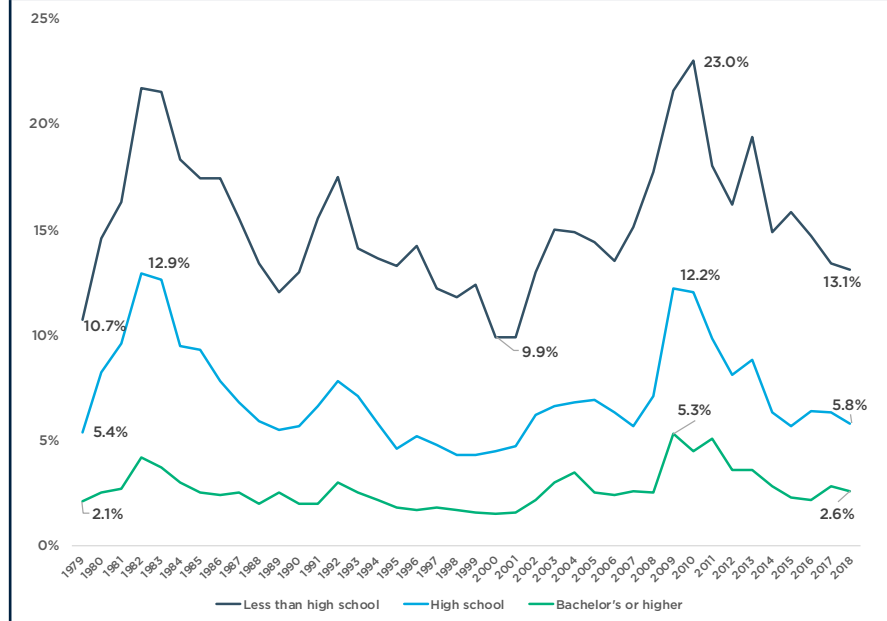
IV. A PARADOX: LOW UNEMPLOYMENT, LOW LABOR MARKET PARTICIPATION

REALITY:

Looking at unemployment by education levels gives us a sense of how Ohioans have worked to achieve those lower unemployment rates. For those with less than a high school degree, unemployment rates are still above 13%, nowhere near as good as they were at the peaks of previous business cycles (9.9% in 2000, 12% in 1989, 10.7% in 1979). For those with just a high school diploma, rates are also not as low as they have been in the past – such workers had a 5.8% unemployment rate in 2018, up from well below 5% for all of the late 1990s. And those with a bachelor's degree, while experiencing an extremely impressive 2.6% unemployment rate in 2018, did better throughout the nine-year stretch from 1993 to 2002, with rates below 2% for much of that period.

Figure 14

Unemployment by Education Level



Source: EPI analysis of Current Population Survey data, annual numbers

REMEDY

Good policy can pull more people back into the labor market in Ohio. This requires investing to treat those with addiction, expanding access to education and training, and creating good jobs, particularly in child care and the green economy, including transit. Federally, the spending on the Trump tax cuts, if instead directed into our communities, could completely eliminate child poverty, double U.S. spending on climate science, ensure universal access to affordable child care and pre-K, provide free community college and generous raises to teachers in high-poverty schools, and do much to take on addiction, according to an analysis by the [Center for American Progress](#). In addition to helping Americans

today, the investments described would make us healthier, better educated, and less vulnerable to climate change.

Similarly, overhauling Ohio's tax system to eliminate new tax cuts for the wealthy and corporations would better position the state for tomorrow, according to [analysis](#) that Policy Matters did with help from the Institute on Taxation and Economic Policy. We modeled how investing in local government, schools, preschool, college affordability and public transit could easily be afforded by closing tax loopholes and rolling back tax cuts for the wealthiest Ohioans. That would generate nearly 40,000 jobs and grow Ohio's economy by about \$2 billion a year, while helping Ohio communities.

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V. Job growth slows





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V. JOB GROWTH SLOWS

REALITY:

Looking back further, Ohio has also not yet gotten back to its job levels before the 2000s recession, when the state had 5,621,400 jobs. As of July, the unrevised job count was 5,593,000 positions. And in many Ohio communities, job levels have not recovered from either of the two recessions, as the [Cleveland Plain Dealer recently reported](#) – the Cleveland metropolitan area has 24,000 fewer jobs than in 2007. In fact, Figure 15 shows job change that captures the last two recessions (December 2007-June 2009 and March-November 2001). While we remain behind past peaks, Ohio has seen slow job growth since the low point in February 2010 – the state added more than half a million jobs over that period. Growth has been uneven – a bit stronger between the February 2010 trough and the end of the Obama presidency (6,225 jobs a month over the 83 months from February 2010 through January 2017), and weaker under the Trump administration (2,551 jobs a month over the 29 months from January 2017 through July 2019).



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V. JOB GROWTH SLOWS

REALITY:

So far in 2019, Ohio has lost about 9,000 jobs, using the preliminary July number (it would be over 13,000 jobs if we used the revised June count). Going back a full year, from July 2018 to July 2019, Ohio added just 25,200 jobs, for a growth rate of 0.5%, compared to 1.5% nationally. If the state continues at this annual rate, 2019 will be the worst non-recession year for job growth since 2005. Figure 1 depicts job change in Ohio this calendar year, through July, which is subject to revision.

REALITY:

Manufacturing, an area where President Trump promised to fuel a revival, has been beset by challenges under his administration. Trump famously told residents of the Mahoning Valley that manufacturing jobs would be coming back, but since then General Motors closed the Lordstown assembly plant, a plant that employed 4,500 when Trump was elected. More broadly, the sector remains more than 300,000 jobs below its peak in Ohio. Growth was slow during the Obama administration and has been slower still under Trump in both Ohio and the nation – some analysts are saying the [manufacturing sector is in recession](#).

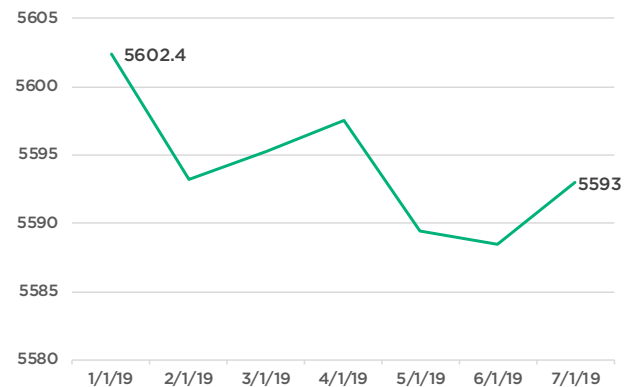
Public sector jobs have also done poorly since January 2017 in Ohio, declining by about 5,700 over that period. These jobs are important to track because they are controlled by public policy and provide crucial services that communities need in food inspection, wage enforcement, environmental cleanup and other areas.

REALITY:

Unionization levels are dropping, spurred by weak labor law enforcement and laws that exclude some workers from joining a union. But being in a union still pays in Ohio, where the median union member earns \$22.90 each hour, a full \$5.00 an hour more than those not in a union (\$17.88), more than \$10,400 more over the course of a year at full-time, year-round hours as Figure 17 shows.

Figure 16

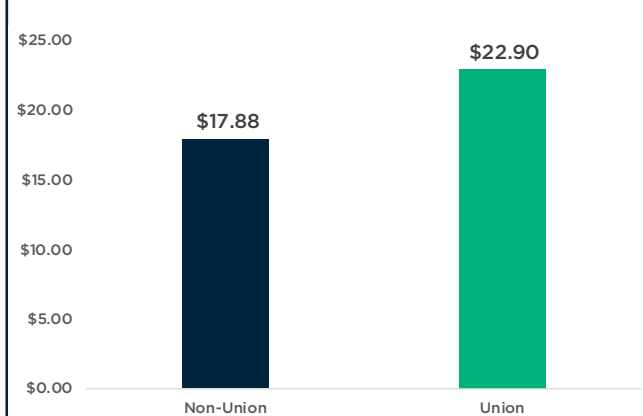
Tough job year: Ohio jobs (in thousands), January-July 2019



Source: EPI analysis of Current Employment Statistics data, monthly average, total nonfarm jobs, seasonally adjusted, Jan-July 2019

Figure 17

Union premium: Union vs. non-union wages in 2018, Ohio



Source: EPI analysis of CPS data.

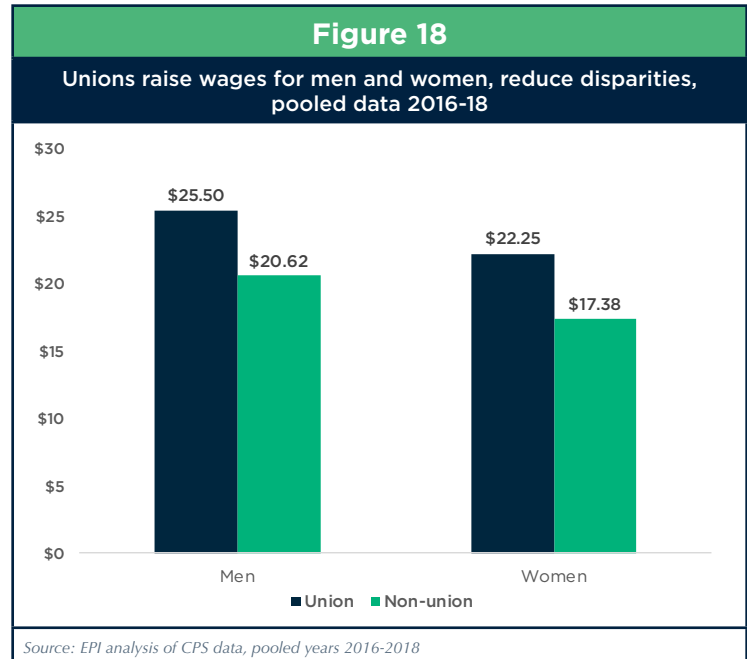
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V. JOB GROWTH SLOWS

REALITY:

Unions increase wages for all workers: men and women; white, black, Native American, Latino and Asian. But workers who have less power in the labor market have historically benefited more from the collective power that comes with a union. That's why encouraging unionization is especially important to equity. Ohio men in a union earn 23.7% more than men who are not in a union and women's union cards give them a 28% wage boost (Figure 18). Men's wages went from \$20.62 an hour to \$25.50 an hour when they were in a union, while women's wages rose from \$17.38 to \$22.25. Black, white and Hispanic workers also get substantial wage increases from being in a union, although sample sizes for such workers in Ohio do not allow us to provide exact numbers. While the majority of union workers in Ohio are white, black workers are more likely than white workers to be in a union in both Ohio and the nation.



REMEDY

We're in an expansion, still, however weak it looks in Ohio. But job growth has slowed substantially this calendar year. We need to reverse the tax cuts for the wealthy, in Ohio and nationally, and instead use those resources to invest in much more job-generating activities as outlined in many of the remedies in this paper. We also need to make it easier, not harder, to organize into a union. Finally, we need strong wage floors to help workers – whether or not they have a union – earn a family-sustaining wage.

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VI. CONCLUSION





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VI. CONCLUSION

In our highly charged political environment, it's easy to try to hold those currently in office responsible for all the good and bad things in our economy. If only it were that simple. In fact, bad economic policies have left working people out through good and bad economic times and through Republican and Democratic administrations. But we need only look to our own history to see a path to an approach that would share our wealth more broadly in the good times, and better relieve need in the down years. We should revive some past policies – like higher minimum wages, deeper public investments, higher taxes on the wealthy. At the same time, we should modernize these policies to ensure that they fully include women and workers of color who, too often, are excluded from protections that have been extended to white men.

Three major areas provide the key to a better economy for Ohio's working people.

1 First, we have to **strengthen our labor policies**. This means raising our minimum wage, as we have done before and as states around the country are doing. A gradual increase to \$15 by 2023 would give 2 million Ohio workers [a raise](#) and would help men, women, parents, children and workers who are black, white, Latino, Asian and Native American.

It also means making it easier to join a union. In Ohio, elected officials have attacked labor rights. Workers fought back and restored those rights in some cases. But for some workers – childcare providers and in-home health care workers in

particular – recent policies have stripped their ability to join a union. This should be restored. The past year saw renewed labor activism across the country. Teachers in many states struck and won better wages, and in Parma, Ohio, teachers working with the Ohio Federation of Teachers successfully struck and got a first contract at a charter school.

A final element of better labor policy is better labor law enforcement. Hundreds of thousands of Ohio workers suffer because their employers don't follow labor law. Yet Ohio has one of the smallest state wage and hour investigation teams in the country – just five investigators and a supervisor oversee the entire state. That's one investigator for every 932,367 workers! And funding for this work has actually been cut since 2010 on an inflation-adjusted basis. Explore more ways to help Ohio workers in our report: [A new way forward: Ten ways to support Ohio's workers, 2019](#).

2 Second, we have to improve our **tax policy**. Just as the rigged market is delivering bigger and bigger pre-tax gains to the top, state and federal tax policy are making that worse by cutting taxes for the wealthiest and, in Ohio, raising taxes for low- and middle-income families. That's upside down. Congress should reverse the Trump tax cuts, and here in Ohio we should also overhaul our tax system and restore taxes we've slashed on corporations and the wealthiest. These earners, who gain the most

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from our economy, should contribute their share so that we can pay for our many neglected needs. Learn more in [Overhaul: A plan to rebalance Ohio's income tax](#).

3 Finally, we need to use those increased revenues to **invest in things our communities need** that will create good jobs. In particular, that should include investing in our people, and fixing our infrastructure – especially with spending that protects against climate change. These two areas are most important because when we neglect people, infrastructure and the planet, we end up with higher expenses down the road. We see the costs to people in our addiction crisis, our overcrowded prisons, and our lower-than-average college graduation rates. And we see the costs to communities and the planet in our flooded farms, elevated asthma rates, and algae-ridden lakes and rivers. Providing better education, from child care through college, will improve lives and create jobs now, while making the next generation better prepared to thrive. And investing in wind power, solar panels, transit, and conservation, as well as traditional infrastructure, will protect our communities from some of the consequences of climate change. One plan for some state investments and how to afford them can be found in [Investing for Growth](#).

In many ways Ohio and the nation are doing the opposite of what we suggest. State and federal policymakers have let the minimum wage erode – Congress has never gone longer without boosting it – and have undermined unions and labor law.

On climate, both state and federal policy are taking action to increase heat waves and storms. Ohio

legislators just made us the first state to ever go backward by eliminating clean energy standards, instead choosing to bail out inefficient coal and nuclear production. At the federal level, the Trump administration backed out of an international commitment to reduce carbon emissions, is trying – over car company objections – to weaken auto emissions standards, and is backpedaling in other ways on climate.

Investments in people are similarly in reverse. On child care, only two states make it harder to qualify, and we underfund need-based higher education aid. At the national level the Trump administration is also sending us backward – attacking food aid, student financial aid, health care and [more](#).

And at both the state and federal level lawmakers have made tax policy less fair, delivering enormous windfalls to the wealthiest and corporations, while making low- and middle-income Ohio families pay a larger share of state taxes.

Past errors need not dictate our future. Ohio's citizens should look at the mistakes our politicians have made and demand a smarter approach.

We choose the economy we want to have. We can choose one where everyone benefits from growth, where every worker can support a family, and where all work has dignity, as Senator Sherrod Brown often says. We can choose to invest in a cleaner lake and less polluting approaches to transportation and energy. In doing so, we'll be improving our own lives today and leaving the next generation a better tomorrow. Good remedies can improve on our reality. The choice is ours.



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Acknowledgments

For funding and other support that made this project possible we thank:

The George Gund Foundation

Ford Foundation

Saint Luke's Foundation

Economic Policy Institute

David Cooper

We are grateful to SEIU District 1199 for the spirited photos of worker activism used in this report.

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